

MINUTE ITEM

This Calendar Item No. 32
was approved as Minute Item
32 by the State Lands
Commission by a vote of 3
to 0 at its 10/27/82
meeting.

CALENDAR ITEM

32

10/28/82
W 40336
Livenick
PRC 6334

AWARD OF A COMPENSATORY GAS AGREEMENT

APPLICANT: TXO Production Corporation
100 Howe Avenue, Suite 300
Sacramento, California 95825

AREA, TYPE LAND AND LOCATION:
25+ acres of submerged State-owned lands
in the bed of the Sacramento River, east
of the town of Grimes, in Sutter and Colusa
County. The description is made without
warranty or limitation on the State's title
to the land.

AB 884: 8/14/83.

PERTINENT INFORMATION:

1. P.R.C. Section 6815(a) provides that the Commission may negotiate and enter into agreements for compensation to the State where it appears that wells drilled upon private or public lands are draining or may drain oil or gas from lands owned by the State.

The applicant is presently drilling a well which, if productive, will drain State-owned lands. The State parcel is contiguous with lands under lease to the applicant (See Exhibit "A").

2. Under the proposed Compensatory Oil and Gas Agreement, TXO Production agrees to pay in money (a) a fee of \$20 per acre and (b) 25 percent flat rate royalty on all gas produced from State-owned

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lands as specified in the agreement
on file in the office of the State
Lands Commission.

EXHIBITS: A. Site Map.
 B. Land Description.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT CEQA IS NOT APPLICABLE TO THIS AGREEMENT
BECAUSE THIS AGREEMENT IS NOT A PROJECT UNDER CAL.
ADM. CODE, TITLE 14, SECTION 15060.
2. AUTHORIZE THE ISSUANCE OF A COMPENSATORY GAS AGREEMENT
ON 25+ ACRES OF SUBMERGED LANDS DESCRIBED IN EXHIBIT "B"
ATTACHED AND BY REFERENCE MADE A PART HEREOF, PURSUANT
TO DIV. 6 OF THE P.R.C. TO TXO PRODUCTION CORPORATION
FOR CONSIDERATION OF AN ANNUAL FEE OF \$20 PER ACRE
AND 25 PERCENT FLAT RATE ROYALTY ON ALL GAS PRODUCED
FROM STATE-OWNED LANDS.

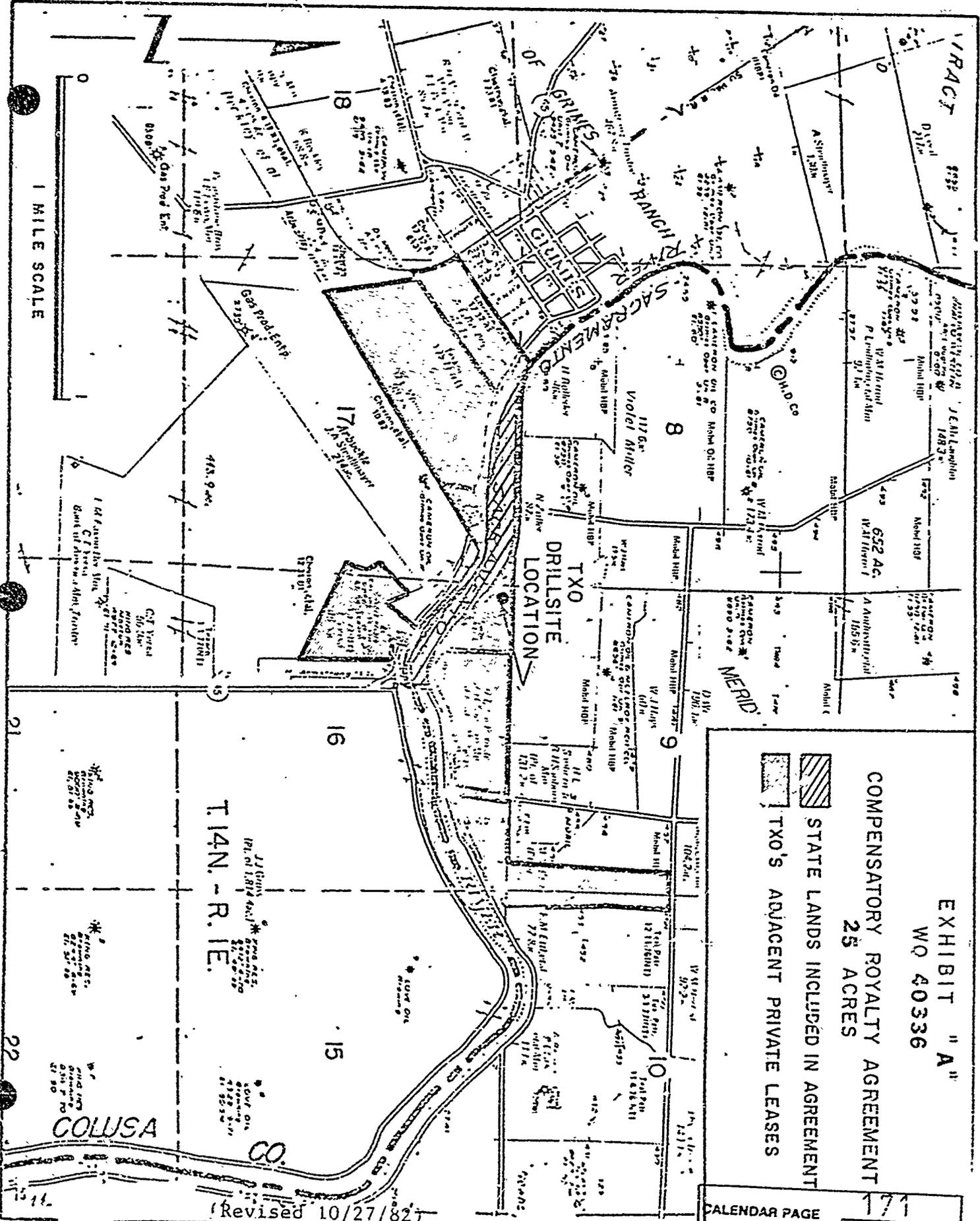


EXHIBIT "A"
 WQ 40336

COMPENSATORY ROYALTY AGREEMENT
 25 ACRES

STATE LANDS INCLUDED IN AGREEMENT
 TXO'S ADJACENT PRIVATE LEASES

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(Revised 10/27/82)

1 MILE SCALE

COLUSA CO.

T. IAN - R. I.E.
 Pl. of 1874 Ac. /
 Pl. of 1874 Ac. /
 Pl. of 1874 Ac. /

EXHIBIT "B"

LAND DESCRIPTION

W 40336

All that portion of the bed of the Sacramento River within the N-1/2 of Section 17; and the N-1/2 of Section 16, T14N, R1E, MDM, Sutter and Colusa Counties excepting therefrom any portion lying within PRC 4675.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of said Sacramento River.

END OF DESCRIPTION

PREPARED SEPTEMBER 29, 1982 BY BOUNDARY AND TITLE UNIT, LEROY WEED,
SUPERVISOR.

(Revised 10/27/82)

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